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State Dept. review completed

SECRETINTRODUCTION:

Information, obtained from a CIA study of the entire rubber industry of the Orbit countries, shows that they are self-sufficient and could continue to be for a period of two to two-and-one-half years. No serious bottlenecks have been found to exist, either in synthetic rubber production or in fabrication of end items. There has been some trouble producing carbon black of uniform quality and also evidence that accelerators and anti-oxidants are not as plentiful as desired. However, among these rubber chemicals there are several substitutions possible and in fact anti-oxidants can be left out of compounds entirely and still have a practical end item. Where shortages have occurred, they seem to have been of a temporary and local nature, for in every instance, production has been resumed.

No reliable figures on diversion of rubber shipments from the West to Orbit countries were found for 1952.

NUMBERS

1951

Possible Diversions of Rubber shipments to the Orbit Including China 1/
(in terms of long tons)

	23,026
	5,917
	37,204
Total	66,227

Total Orbit Imports of Rubber from the West
(in terms of long tons)

144,376 2/
or
149,994 3/

Ratio of Diversions to Total Imports

66,227:144,376 = 46%
66,227:149,994 = 44%

Estimated Consumption of Rubber by China and USSR (Excluding Satellites)

306,700 (long tons) 4/

Possible Diversions of Rubber Shipments to China and USSR (Excl. Satellites)
(in terms of long tons)

USSR 7,990
China 37,204
55,201 5/

1/ Derived from statistics appearing in CIA/RR-19, Jan. 19, 1953. (p.D-10)

2/ CIA/RR-19, Jan. 19, 1953, based on estimates of the Rubber Statistical Bulletin. (p. D-10)

3/ ITR run on Official Trade Returns.

4/ CIA/RR 19, Jan 19, 1953. (p. 20)

5/ Derived from statistics appearing in CIA/RR-19 Jan.19, 1953. (p. D-10)

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Ratio of Diversions to Total Consumption (USSR and China)

43,201,306,700 = 14%

Production of Rubber by the Orbit (In terms of metric tons)

Synthetic-----224,400
 Natural-----2,625
 Reclaimed-----67,900
 Total-----294,925 6/

Stockpiles

USSR - 205,600 metric tons 7/

RUBBER1952-1953Total Orbit Imports of Rubber from the West
(In long tons)170,200^{8/} (for the year July, 1952-July, 1953-estimate)Orbit Rubber consumption

1952- 302,200 (for Soviet Union only)
 1953- 331,300 (for Soviet Union only) 9/
 July, 1952-July, 1953- 480,000 (for Soviet Union) 10/ ((estimate))

Orbit Rubber Production

1952- 321,035 11/
 1953- 352,360 11/
 July, 1952-July, 1953- 336,160 12/ ((estimate))

Stockpiles- OrbitJuly, 1952-July, 1953- 305,860 (long tons)^{13/} ((estimate))

6/ CIA/R 19, January 19, 1953 (pp. 7-10).

7/ Ibid. (p. 22)

8/ CIA Report, Chemicals Branch, March 1, 1952. This figure represents total imports of rubber from non-Orbit countries; however, East Germany exported to non-Orbit countries 500 long tons thus bringing the net import balance to 169,700 long tons.

9/ CIA/R 19, January 19, 1953. (p. 20)

10/ CIA Report, Chemicals Branch, March 1, 1952.

11/ CIA/R 19, January 19, 1953, (pp. 7-10)

12/ CIA report, Chemicals Branch, March 1, 1952.

13/ Ibid.

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ANTI FRICTION BEARINGS

DIVERSIONS OF ANTI-FRICTION BEARINGS TO THE SOVIET BLOC FROM THE WEST

Available information on the subject of anti-friction bearing shipments to the Bloc from the West reveals that an estimated 22.0% (1,880,000 units) were diverted to the Bloc in 1951. Bloc requirements of bearings in 1951 were estimated at 147,530,000 units -- 5% of this figure is imported from the West. Unfortunately, there are insufficient statistics available to arrive at estimates for 1952.

1951
(in units)

ESTIMATES OF DIVERTED BEARINGS FROM THE WEST

* Czechoslovakia	1,600,000	1/
China	280,000	2/
Total bearings diverted		1,880,000

ESTIMATES OF TOTAL IMPORTS OF BEARINGS FROM THE WEST

* USSR	600,000	
* Satellites	1,550,000	
China	325,000	
Total bearing imports		8,591,300

ESTIMATES OF BLOC BEARING REQUIREMENTS

* USSR and Satellites	146,050,000	
China	1,480,000	
Total bearing requirements		147,530,000

ESTIMATES OF % OF TOTAL IMPORTS DIVERTED

* USSR and Satellites	19.4%
China	86.0%

Estimated % of Total imports diverted-----22.0%

IV Available information indicates that 30% of Czech imports of anti-friction bearings from the West are illegally transshipped. We can find no evidence that other Bloc countries (except China) are importing bearings illegally; therefore this figure is based solely on Czech import statistics.

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- * No statistics are available on the involvement of COMINT countries in illegal trade in bearings with the Bloc; however, the involvement of COMINT countries in legal trade is as follows:

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	291,000
25X6	Total	2,146,000

I. Estimated Position of the Antifriction Bearing Industry in the USSR and the Satellites.

	1951 (in units)	
Production		115.3
Imports		11.3 ^{3/}
	Total Supply	126.6
Exports		3.0
	Total available supply	123.6
Requirements		146.0
	Deficit	22.4
		(USSR Officials Only)

Since the USSR requires domestically all of its production of bearings, only small quantities of bearings are imported to the satellites from the USSR. Because the satellites are also small in size and have no antifriction bearings, they are directly handicapped by antifriction bearing restrictions.

II. Estimated Position of the Antifriction Bearing Industry in the Bloc

	1951 (in units)	
Production		305,000
Imports		730,000
	Total Supply	1,035,000
Exports		negligible
Requirements		1,440,000
	Deficit	405,000

^{3/} This figure includes imports from other bloc countries as well as imports, legal and illegal, from the West.

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Unless Communist China intends to increase her own antifriction bearing industry over what appears to be presently planned production it looks as though she will continue to be dependent upon imports to a considerable degree in order to satisfy all of her future requirements.

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ALUMINUM IMPORTS BY THE BLOC FROM THE WEST

A study of available information indicates that approximately 60-70% of the aluminum imported by the Bloc from the West was diverted to the Bloc in 1951 and 1952. This diverted aluminum amounted to about 4% of the total Bloc requirements of aluminum in these years. Chinese import statistics are included in these figures.

ESTIMATED DIVERSIONS OF ALUMINUM FROM THE WEST

<u>1951</u>	<u>1952</u>
• 11,000 y/	10,500 z/

ESTIMATED TOTAL IMPORTS OF ALUMINUM FROM THE WEST

• 15,500 y/	• 15,500 y/
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ESTIMATED ALUMINUM REQUIREMENTS

262,500	262,500
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ESTIMATED % OF ALUMINUM IMPORTS DIVERTED

70%	67%
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ESTIMATED % OF DIVERTED ALUMINUM IMPORT TO ALUMINUM REQUIREMENTS

4%	4%
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In 1951 and 1952 aluminum was in short supply in all of the satellites and these countries were in the market for sizeable amounts at higher than the world price. More aluminum is now available for world trade and business is brisk at lower prices. Diversions from non-COCON countries appear to make the task of controlling Bloc supplies of aluminum extremely difficult.

In 1951 and 1952 patterns for aluminum trade and consumption indicate no noticeable changes. In most countries the ability to consume aluminum exceeded the supply while in the USSR the demands of an aluminum strategic stockpile acted as a buffer to cross any over supply. The following table shows the estimated aluminum consumption capability for either 1951 or 1952 and indicates the possible supply to each country and whether that country produced any domestic aluminum.

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1/ This is an approximate figure and is believed to be about twice the amt. procured through legal channels in 1951.

2/ This is a guess figure arrived at by comparing 1951 statistics on diversions, legal imports, and total imports as well as 1952 legal imports, and total imports.

3/ These figures include diversions for 1951 and 1952 (11,000 and 10,500) plus announced exports by COCON countries in 1951 (4,589) and official trade statistics for 1952 (5,106)

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ALUMINUM DEFICIT BY THE BLOC FROM THE WESTIn Metric Tons

Country	Estimated 1951 or 1952 Consumption Capabilities	1951 or 1952 Estimated Supply Available for Consumption	1951 or 1952 Domestic Production
USSR	200-220,000 1/	200-220,000 1/	200-220,000
Hungary	11,000	5,000	12,000
E. Germany	17,000	11,000 2/ 3/	9,000 1/
China	11,000	2,000 1/	-----
Czech	2,500	500	-----
Poland	500	500	-----
Rumania	500	500	-----
Bulgaria	Neg.	Neg.	-----
Albania	Neg.	Neg.	-----
TOTAL	262,500	240,000	250,000

- 1/ Estimated consumption, not including strategic stockpile
- 2/ Much of this was for the manufacture of special alloys for the
- 3/ Includes considerable World War II scrap
- 4/ Includes considerable civilian stock
- 5/ Production rate at end of 1952.

References:

- A. CIA/RR P2-22 (OR Project 58-51) 5 February, 1953
- B. CIA/RR Contribution to sections "B" and "C" of the OR Outline sent to the State Dept. Outline for the revision of the Black Book for 1953.

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SECRET**NICKEL**
TABLE

1952	PRODUCTION Production	CONSUMPTION Consumption	EXPORT Exports	Stockpile Stockpile (in metric tons)
USSR	28,800	30,000-34,000	3,000 (to east)	18,000-27,000
Poland	725			
E. Germany	135			
Estimated Total	40,000	34,000-38,000		2700 - 6700

Imports from the West in 1952 were estimated at 700 metric tons.

The USSR and Canada are the two major producers of nickel in the world. Production in the USSR has been expanded rapidly since the end of the war. The Satellite countries contribute relatively minor amounts of nickel to the total bloc supply, Poland and East Germany are the only producers. Their production is insufficient to cover their demands. The Satellites depend largely upon the USSR for their nickel supplies. Although the USSR is a surplus producer, there is ample evidence that it does not supply the Satellite countries with sufficient nickel to meet all of their needs and, as a result of the CoCom embargo on exports to the bloc, these needs are not being met from the West. Considerable quantities of nickel are still imported into the Satellite area from the free world despite the embargo on nickel which has been in effect since 1951. Czechoslovakia received an estimated 614 metric tons from the West in 1952, Hungary is estimated to have received 41 metric tons, East Germany, Poland, China and Rumania all probably receive some nickel from non-bloc sources, but it has not been possible to determine the amounts. The USSR has had no known imports of nickel since 1945. Although the Soviet Union is estimated to possess a stockpile of 30,000 to 40,000 metric tons at the end of 1952, evidence of the fact that the Soviet Union often fails to furnish the Satellites with sufficient nickel to meet their demands is to be found in the numerous instances wherein these countries have expressed a willingness to pay several times world prices for nickel from free world sources.

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SECRET**TIN PLATE****1951 - 1952**

	1951	1952	(in thousand metric tons)	Secret
USSR & EUR. SATS.	265.9	294.2		
USSR	225.0	251.0		
CZECHOSLOVAKIA	20.5	22.5		
POLAND	17.0	17.3		
ROMANIA	3.4	3.4		
HUNG & E. GERM.	NA	NA		

IRON IMPORTS BY THE SOVIET BLOC (thousand metric tons)

Secret - U.S. Officials Only

	POLAND	CHINA	USSR	ALL OTHER	TOTAL
1951	2.0	.8	1.8	0	4.6
1952	1.0	17.4	2.0	1.8	22.2
1953	3.5	1.3	1.0	2.5	8.3

(Table derived from Statistical Bulletins of the International Tin Study Board, supplemented by special CIA information)

No information is available on diversions of tin plate to the Soviet Bloc.

Information on world shipments of tinplate are included in iron and steel shipments in the International Trade Lists published by the Department of Commerce and could not be separated out for the purposes of this report.

Because of the difficulty of obtaining information from behind the Iron Curtain, complete data on the supply and distribution of tin plate are not available. Tin plate production estimates are computations made from careful analyses of tin and steel use patterns and of tin content of Soviet manufactured tin plate. The Bloc is short of tin plate and tin cans. Even under the present restricted utilization nearly 10% of the total supply is obtained from the free world.

Some Bloc countries must import all of the tin plate they use. The movement of tin plate among the bloc countries is believed to have been small prior to 1953. In recent months, however, there has

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been a marked increase in Polish exports from the West and a decline in similar shipments to China. The belief is that much of this tin plate is being transhipped to Taku Bar.

World tin plate imports in 1951, 1952 and 1953 are believed to total little more than the amounts shipped by the U.K. in order to obtain tinned fish products, about 2,000 tons a year. Czechoslovakia and Poland are the only satellites which produce significant quantities of tin plate, and China is the chief importer. The degree to which China, being entirely dependent upon imports to meet its needs, has suffered from international trade restrictions is indicated by the table of its tin plate imports from Western countries.

China's Imports (annual rate, in thousand tons)

Before 1937	46
1946 - 1948	10
1950 - 1951	2 to 3
1952	17
first half 1953	2

Imports through GoC are increasing and it is believed that some of them are destined ultimately for China.

Tin plate has recently been downgraded from IL II to IL III. This downgrading was originally the recommendation of the U.K. CoCom delegate.

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